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CURRENT INTELLIGENCE WEEKLY SUMMARY



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PART I

OF IMMEDIATE INTEREST

SOVIET MISSILE ANNOUNCEMENT AND DISARMAMENT TACTICS

The Soviet press agency TASS on 26 August announced that an intercontinental ballistic missile (ICBM) had been successfully tested to "a huge distance" in the USSR "in recent days." It had been estimated that the USSR would be capable, in the relatively near future, of launching an ICBM. TASS also called attention to a recent series of nuclear and thermonuclear explosions in the USSR. The most recent Soviet nuclear test--the first since last April--took place on 22 August. There is no evidence that this explosion was associated with the firing of an ICBM.

The TASS announcement, together with Valerian Zorin's subsequent speeches in the United Nations Disarmament Subcommittee in London, seems to foreshadow a major effort by the USSR in the forthcoming UN General Assembly session to win support for its proposed suspension of nuclear weapons tests and agreement not to use nuclear weapons or missiles with nuclear warheads.

The TASS announcement included the standard charge of Western obstruction of a disarmament agreement, particularly with respect to cessation of nuclear tests. The Soviet proposals of 30 April and 7 June for a partial disarmament agreement called for renunciation of the use for military purposes of both nuclear weapons and missiles of any range carrying nuclear warheads. Moscow prob-

ably believes that its announcement will increase world-wide support for its proposed bans on testing and use, placing the Western powers in an increasingly untenable position.

For these purposes the Soviet Union appears eager to transfer the discussions from the subcommittee to the General Assembly, where it is also likely to repeat its proposals of last year for an expansion of the Disarmament Commission and Subcommittee to include countries such as India which are sympathetic to its viewpoint.

Zorin's speech of 27 August included a strong attack on the subcommittee, because it was responsive to the demands of NATO but ignored the views of other countries. He called for the inclusion of more states, representing other geographical areas and social systems, in the disarmament talks. Zorin criticized the secrecy under which the subcommittee operates as a Western device to keep public opinion in ignorance and to create the false impression of progress toward agreement. His remarks recalled Khrushchev's criticism of the "NATO subcommittee" in July.

Zorin also delivered a strong attack on the principle of aerial inspection, which he said could not prevent a surprise attack, and the specific zones proposed by the West. He charged that the plan for inspection of the United States,

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Canada, and the USSR was an intelligence-collection scheme to plan for aggressive war while the Arctic inspection plan was useless. He ignored entirely the Western plan for inspection in Europe although the USSR has put some emphasis on inspection in that area. Soviet statements on aerial inspection in the past have alternated between counterproposals to Western plans and denunciations of the whole idea.

The American delegate in London considered Zorin's

speech an indication that the USSR was preparing further concessions to meet the West in a first-step agreement and believed the harsh tone of the speech was intended to offset any impression that these concessions might be a sign of weakness. He considered it possible, however, that Moscow may be developing a propaganda position to be used in the event of a failure to reach an agreement at London. (Concurred in by OSI)

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KHRUSHCHEV RESUMES ATTACK ON MALENKOV

Publication in the USSR this week of new and more serious charges against Malenkov after a period of relative quiet in the campaign against the "antiparty" group seems to be an attempt to create a new general wave of popular indignation. Reports from Moscow indicate that the current mood of many Soviet citizens is one of depression, cynicism, and distrust of present party leaders.

By linking Malenkov with Beria, Khrushchev probably hopes to transfer to Malenkov some of the revulsion Soviet citizens still feel toward the executed police chief. The new charges lay the groundwork for possible further punitive action against Malenkov and will serve as an additional warning to any who might be less than enthusiastic for Khrushchev's policies.

Malenkov is characterized as Beria's "shadow and tool" who "very skillfully" took advantage of Stalin's weaknesses and habits in the last years of his life. He is charged with having incited Stalin to

take action which was deserving of "stern condemnation." This is only a short step from accusing him of responsibility for the worst excesses of the latter part of the Stalin era.

The new attack on Malenkov was contained in an article published in the most recent issue of the party journal, Kommunist. The article is based on three unpublished speeches Khrushchev is reported to have made between May and July of this year. The speech in which the charges against Malenkov were made was probably either one he gave to the Moscow city party organization on 2 July or one he gave to the Moscow Oblast party organization on 3 July. At these meetings the "antiparty" activities of the ousted leaders were explained.

Malenkov was probably singled out for attack because he was Khrushchev's leading rival and most dangerous opponent. In the propaganda barrage following the June plenum he was treated as the most degenerate member of the "antiparty group," being the only member

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of the opposition, for instance, charged with being a chief organizer of the notorious "Leninograd affair" for which Abakumov was blamed and executed in 1954.

The diversity of treatment thus far accorded the members of the "antiparty group" suggests that each case is being

considered separately and that the fate of the other opponents is not necessarily wrapped up with that of Malenkov. But while the other members of the group have not been publicly accused of misdeeds as serious as those charged to Malenkov, further action may yet be taken against them.

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SYRIAN DEVELOPMENTS

Further dismissals of Syrian civilian government officials, especially the key secretaries general of the various ministries, appear imminent. Akram Hawrani, Baathist leader, has voiced the opinion that the government departments are "infiltrated" with the "lackeys of imperialism" who must be rooted out. It is reported that the Foreign Ministry will be the first affected. Concurrent with the beginnings of the purge, testimony implicating dismissed senior army officers in a conspiracy against the state may be released and a series of "treason" trials can be expected soon.

While the power relationships in Syria remain unclear, preliminary indications are that the recent purge of the neutral and pro-Western officers has resulted in a sweeping victory for the leftist, nationalist officer group known as the "Little Revolutionary Command Council (RCC)." These officers, who as military cadets witnessed the defeat of the Syrian army by the Israelis in 1948, have as their professed goal the restoration of the army's honor. A necessary requisite for attainment of this objective was the elimination from the army

of discredited older leaders who the "Little RCC" felt stood in the way of effective army reform.

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The "Little RCC," because of its phobia regarding Israel, is basically pro-USSR and anti-Western. It views the USSR as a source of armaments and as an ally in its struggle against Western "imperialism" and Zionism. Rather than being pro-Communist domestically the group regards the Communists in much the same light as other Syrian political groups. All such political activities are under army surveillance, and a premature bid for power by the local Communists might be opposed by the RCC group. Whether the "Little RCC" will be able to cope with Communist infiltration and imperialism will depend on

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the extent and manner of the implementation of agreements with the Soviet bloc and the effectiveness of the local Communist party cadre.

The USSR is refraining from any foreign policy initiative that would suggest Soviet control over Syria and is concentrating on propaganda stressing charges that the United States attempted a coup d'etat. It is supporting Syria's claims that the Syrian-Soviet economic agreement is a purely internal affair by leaving official comments on the increasingly close economic relationship to Syrian spokesmen.

Neighboring Countries' Reaction

Reaction in neighboring countries toward events in Syria remains varied; Lebanon and Jordan, the two countries most susceptible to Syrian subversion, continue to await further developments apprehensively. Lebanon has tightened border controls and entries from Syria. With Jordan's internal situation precarious, Deputy Prime Minister Samir Rifai has stated that he believes a federation of Jordan and Iraq may be the only political move left by which pro-Western Arabs can resist the pressure emanating from the consolidation of a leftist regime in Syria. Rifai believes that King Saud's blessing would be necessary before such a move could be made.

Iraq's palace spokesman, Crown Prince Abd al-Ilah, returned to Baghdad on 26 August from Istanbul where he had been consulting with Turkish officials. The Baghdad government's public reaction to Syrian

developments has been relatively weak, however. Up to the present King Saud has remained publicly silent [redacted]

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[redacted] He is continuing to carry out common military planning with Nasr on the Gulf of Aqaba problem. The Turks, while concerned over the possibility of having a Communist neighbor to the south, have maintained a discreet silence but have been carrying on discussions with the Iraqis and with King Hussain when he passed through Istanbul on his way to Europe.

Although Nasr may well be concerned over the apparent leftward shift within Syria and may be expected to do his utmost to maintain Egyptian influence in Syria, the Syrian situation has not affected the overt Egyptian attitude toward the United States. Cairo radio continues to elaborate on charges of American intervention in Syria affairs.

The Israelis are carrying on brigade and division maneuvers in the normal training region west of Lake Tiberias. This serves to guard against untoward developments on the Syrian front, now commanded by Syrian Colonel Akram Dayri, an impetuous officer formerly in command of the Syrian military police. Dayri has a number of young officers under his command who will be even less restrained from creating incidents than their predecessors. Chief of Staff Bizri has agreed with the United Nations Truce Supervisory Organization to station observers on the Syrian side of the demarcation line, and this may help keep the border calm. [redacted]

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A three-man mission led by the chairman of Syria's economic development board is in Moscow to negotiate details of the preliminary Soviet-Syrian economic aid agreement reached in early August. In the earlier Moscow discussions, the Soviet Union made its first firm offer to undertake a long-term economic development program in a Middle Eastern country.

Carrying out of the aid agreement would permit the USSR to exert substantial influence over the Syrian economy, not only by determining the direction and pace of economic development through the provision of machinery and Soviet specialists, but also by requiring Syria to commit a significant share of its exports for a long period.

In the preliminary aid agreement, Moscow indicated willingness to supply equipment and technical assistance for the extension of Latakia harbor, construction of a Euphrates River dam for power and irrigation, and of roads and railways, and a build-up of Syrian industries as soon as preliminary surveys are made.

The aid, reportedly amounting to well over \$100,000,000, is to be repaid over a 12-year period at 2.5-percent interest. To increase the attractiveness of the deal, the USSR has offered to purchase 200,000 tons

of wheat (worth about \$15,000,000) or other Syrian commodities. Half of the returns from these sales is to be applied as payment under the economic aid agreement and half is to be made in foreign currency.

This offer suggests that the USSR, a net exporter of grain, is willing to purchase any Syrian export item, probably on a long-term basis, to convince Syria it can earn sufficient credits to meet its payments obligations arising from the economic aid and earlier arms deals. Without such an agreement Syria would find it financially difficult to commit itself to Soviet aid for its economic development plan.

An intensified shift away from Western partners in Syria's trade pattern may have been an additional aim of the Soviet offer. Nearly 50 percent of Syria's major export crop, cotton, was sold to the bloc during the last marketing year. During this same period, however, Soviet purchases from Syria were small and accounted for only 3 percent of Syrian cotton exports.

The USSR apparently intends to use the Syrian agreement as a basis for promoting further Soviet-sponsored economic development programs in the Middle East. Moscow has offered within the past week to provide the Sudan with large-scale economic assistance and to provide Iran with "unlimited credit at 2 percent" for heavy industrial development. (Prepared by ORR)

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PART II

NOTES AND COMMENTS

KADAR REGIME UNEASY OVER UN DEBATE

On the eve of the United Nations General Assembly session, the Kadar regime is making renewed efforts to establish firm control in Hungary and dispel rumors of a more liberal political line, because concessions might encourage dissident domestic elements. Kadar fears Hungarian popular reaction to possible General Assembly condemnation, and the Kremlin is concerned over the effects of such condemnation on its own international prestige.

In recent weeks the regime has attempted to reinforce internal stability by mass arrests of potential opposition leaders among youths, workers, and the population at large, and has simultaneously conducted a widespread purge of workers' organizations--including the trade union council--to eliminate elements identified with the suspect workers' councils. Although the arrest wave ended last week, the regime has not yet released any significant number of those arrested and is continuing to mete out heavy sentences--often death--to persons labeled "counterrevolutionaries." Premier Kadar himself on 20 August defiantly justified the arrests with the declaration that some people thought not enough "enemies" had been arrested.

It is likely that Kadar will eventually resign as premier, but will continue to maintain top authority as party first secretary, thereby conforming to current bloc practice. In this event, his most probable successor would be First Deputy Premier Ferenc Muennich, with Minister of

State Gyorgy Marosan another possibility. Neither would be an improvement over Kadar. Muennich, once considered a distinguished Communist with some reputation for moderation, is associated in his role as minister of armed and security forces with the merciless repression of insurgent elements following the uprising. Marosan, a former social democrat with pronounced demagogic gifts, has shown himself willing to defend any cause on behalf of the Kremlin.

There appears to be little possibility that Imre Nagy will be rehabilitated as Hungarian premier, despite recent rumors to that effect. He remains a symbol of national resistance to Kremlin domination and his rehabilitation might encourage dangerous anti-Soviet passions among the populace.

The Hungarian regime will use every tactic, possibly including show trials, to counter the US special committee report on Hungary and to support its own contention that the November uprising was engineered by the United States and Britain. This might include a trial of Colonel Pal Maleter, minister of defense during the uprising, who reportedly has been subjected to interrogation since his arrest by Soviet officials on 3 November. A recent unconfirmed press report states that Maleter had broken under torture and signed a confession that he was in contact with American and British officials during the revolution and specifically that he passed information to the British military attaché.

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While enforcing a rigorous line at home, the Hungarian regime is making a major effort to influence uncommitted countries in Asia and Africa to support its position at the General Assembly. A special mission headed by Deputy Foreign Minister Karoly Szarka is now touring South Asia, where it has interviewed Prime Ministers Nehru of India and Bandaranaike of Ceylon with little success. When the Hungarians attempted to make propaganda capital out of Nehru's statements by claiming he was

opposed to a UN discussion of the subject, Defense Minister V. K. Krishna Menon made a public statement to the effect that India "will not and cannot object" to such a discussion. In Ceylon--one of the five countries whose representatives prepared the UN report condemning Hungary--Bandaranaike told the visitors that he thought the Hungarians should "welcome" a discussion and remarked that Hungarian opposition to the debate would prejudice world public opinion against Hungary.

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BULGARIA SEEKS RAPPROCHEMENT WITH WEST

Recent statements by Bulgarian Premier Anton Yugov and specific actions by his government indicate that the drive for better relations with the West--initiated in the spring of 1956 but suspended six months later--has been resumed. Probably prompted by the re-emphasis on peaceful coexistence in Soviet foreign policy, these renewed overtures may indicate greater willingness than in any previous period to compromise on specific issues that have heretofore isolated Bulgaria from the free world.

Yugov told a leftist Greek parliamentary deputy on 20 August that Bulgaria has appointed a commission to negotiate a "final solution" of the remaining difficulties with Greece. As evidence of improving relations between the two countries, he pointed out the sharp increase in trade--from \$974,000 in 1955 to about \$4,000,000 in 1956--and the opening of an exchange point on the Greek-Bulgarian frontier, all communications and trade having previously gone through Turkey. The major obstacle to improved relations

has been the \$45,000,000 World War II reparations debt owed Greece. Although the Bulgarians acknowledge this debt, in previous negotiations they have offered only \$2,000,000 as an initial payment against a Greek demand for \$6,000,000.

In a move to improve relations with Israel, the Bulgarian government has offered to pay 56,000 leva (\$8,235) to the family of each person killed when Bulgarian anti-aircraft guns shot down an Israeli airliner in July 1955. The recipients would include American, British, and Austrian nationals. Bulgaria has refused, however, to acknowledge responsibility for the incident and has not met the Israeli demand that those responsible be punished.

In a press interview on 29 July, Yugov expressed willingness to re-establish diplomatic relations with the United States, broken off in 1950 at the height of the cold war as a result of espionage charges leveled against American Minister Heath in connection with the Kostov trial--Bulgaria's "Titoist" affair. The charges

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are a dead letter in any case since Kostov was rehabilitated in 1956. Travel restrictions on Western diplomatic personnel, the other issue leading to a break in American-Bulgarian relations, were relaxed some time ago.

Yugov stated on 20 August that differences on "some ideological questions" did not constitute an obstacle to the establishment of friendship and collaboration between the Bulgarian and Yugoslav peoples.

Although the party and governmental shake-up of 11-12 July in Bulgaria appeared to be a defeat for those elements desiring closer relations with Yugoslavia, the Bulgarians have since relaxed border restrictions on two separate occasions to permit Yugoslavs to attend fairs and celebrations in Bulgaria. Continued Bulgarian press polemics, however, demonstrate that Sofia is unlikely to modify its hostile attitude toward Yugoslav ideological pronouncements for the sake of a rapprochement with Belgrade.

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FRANCE'S PROJECTED ALGERIAN STATUTE

Premier Bourges-Maunoury plans to obtain cabinet agreement on a new basic statute for Algeria early in September for subsequent presentation to the National Assembly, possibly at a special session. As now drafted, the plan, which provides for a federal regime for Algeria, gives primary attention to mollifying domestic opposition to Algerian independence and seems only secondarily designed to establish a strong French position for the UN session this fall.

The government seems ready to propose a federal plan which would offer a double safeguard for France's position. Algeria would be divided into semi-autonomous territories, in two of which--Algiers and Oran--voters of European extraction would be numerous enough to dominate and could be expected to block the emergence of a strong central government in Algeria. Paris would retain control of foreign affairs, military matters, and finances, and would decide disputes between territories.

Some provision will probably be made for a central Al-

gerian executive and legislature, but with little real authority. A leader of one of the small center parties urges federal powers for such a central government, but the leader of the Independent and Peasant party opposes any authoritative all-Algerian governmental bodies because they might generate new pressure for independence. Minister for Algeria Robert Lacoste, who has persuaded the cabinet the settlers might otherwise be pushed to revolt, insists on the necessity for the widest possible decentralization of the machinery of government.

The French cabinet, which hopes to hammer out a complete plan at a meeting early in September, has reportedly agreed some provision should be offered for subsequent revision, presumably to make the statute more palatable both to Algerian nationalists and to international opinion. The proposal now under consideration would permit each territory to decide after two years on the powers it wishes to delegate to the central assembly in Algiers. Two years later--a maximum of four years from the setting up of the

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territorial assemblies--the federal assembly representing Algeria could work out a permanent statute for Algeria with the French National Assembly. The elections setting

the timetable in motion--those for the regional legislatures --will be held only when and if the areas are officially declared to be pacified.

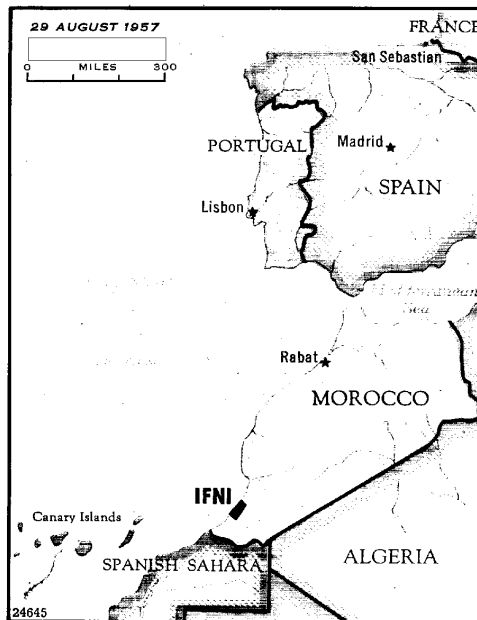
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SPANISH-MOROCCAN DIFFERENCES OVER IFNI

Mounting Moroccan pressure against Spain's Atlantic coast enclave of Ifni has been met with strong Spanish counter-measures in the past three months. In apparent anticipation of an early demand by Rabat for cession of the territory, Spain held high-level conversations with France on 24 August to seek a common attitude on relations with Morocco.

Moroccan nationalist agitation in Ifni has resulted in violence on several occasions since mid-June, and the Moroccan government has protested the countermeasures taken by the Spanish police. Moroccan Foreign Minister Balafrej reportedly introduced the question of Ifni in mid-June economic negotiations in Madrid, and on 20 August Rabat recalled its ambassador from Madrid for consultation, possibly with the intention of issuing instructions to negotiate for the return of Ifni to Morocco.

This reportedly numbers between 2,500 and 3,000 in the southern Morocco area and is said by the Spaniards to be patrolling the border in place of the Moroccan police.



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Last week end, the Spanish foreign minister and the French under secretary of state for foreign affairs met at San Sebastian to examine the two countries' common interests in Morocco as well as other parts of North Africa. Immediately prior to the meeting, a Spanish Foreign Ministry official informed the American embassy that the Ifni matter was sure to be a "hot potato," and an officer of the French embassy in Madrid told his

The Ifni garrison, which reportedly numbered 2,500 men in early July, is being reinforced, and the Spanish embassy in Rabat believes the troops will use force to block possible attempts at infiltration by elements of the extralegal Moroccan Army of Liberation.

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American colleagues that France would officially support Spain's position on

Ifni to safeguard its own position in its West African colonies.

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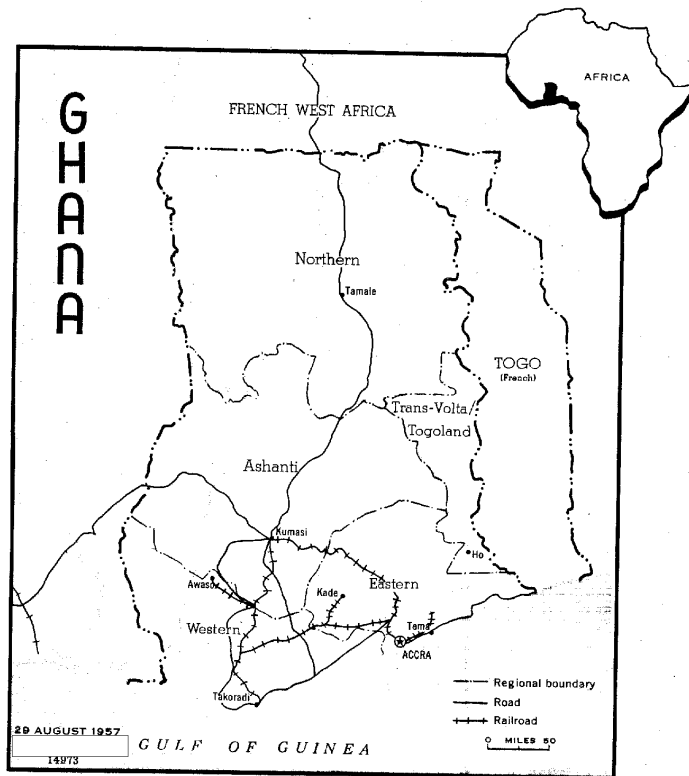
UNREST IN GHANA

Small-scale rioting in Accra and turmoil in newly independent Ghana's National Assembly last week are symptomatic of growing opposition to the government of Prime Minister Nkrumah and his Convention People's party (CPP). These incidents, occurring against a background of continuing conflict between modern and traditional patterns of society, may be followed by further minor violence in the near future.

However, disturbances on a nationwide scale are probably not imminent, and the CPP regime, which enjoys a large and well-disciplined majority in the legislature, appears to be in no danger for the present.

Although the specific cause of the recent disorders in Accra is somewhat obscure, widespread disillusionment over the fruits of independence, especially in the economic sphere, is appar-

ently fundamental to the present uneasiness in Ghana. There also appears to be genuine fear in some quarters--especially among elements of the opposition National Liberation Movement (NLM)--that the Nkrumah government is headed toward dictatorship. Its insistence on placing Nkrumah's image on stamps and coins, its alleged unwillingness to consult the opposition, and its recent deportation of a prominent anti-Nkrumah journalist and two opposition party leaders all point in this direction, in the view of NLM leaders. Their fears were further aggravated by the government's hasty

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enactment last week of legislation to permit the ouster of the two politicians by ministerial order from which no appeal could be taken.

Antigovernment agitation has also developed among the Ga tribesmen, who live in the Accra area and formerly supported the CPP. Their principal complaint is that the government is alienating to non-Ga "strangers" tribal lands which they claim should be reserved for the future use of Ga people. As yet there is no open connection between the Ga and the NLM but such an alliance may develop soon. Meanwhile, there is evidence suggesting that the government may have already launched a get-tough policy aimed at crushing the Ga opposition before such a merger, which could conceivably increase the possibility of eventual civil war, can be effected.

A head-on clash between the government and Ghana's tribal chiefs is also an early possibility. The latter have long been unhappy about the gradual but steady shrinkage of their traditional position of authority. Controversial government bills to establish regional commissioners--who would be powerful agents of the central government in the five regions of Ghana--now being advanced in the assembly are likely to provoke strenuous protests both within and outside the legislature. Already the council of paramount chiefs in southern Ghana, a group which has generally supported the government, has passed a resolution of "no confidence" in the minister of local government and invited chiefs in the northern and Ashanti regions to a joint meeting to "discuss the present trend of affairs."

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OPPOSITION TO COMMUNIST GOVERNMENT IN INDIA'S KERALA STATE

The Communist government in India's Kerala State was confronted for the first time, between 18 and 26 August, with organized popular opposition to its policies. Sentiment against actions of the four-month-old Communist ministry has been building up among several sections of Kerala's populace during recent weeks. Congress party and Catholic leaders exploited this dissatisfaction to stage large-scale protest demonstrations.

Two issues primarily have stimulated opposition protests: the Communists' attempt to extend their governmental control over Kerala's private schools and their apparent condoning of "lawless" activities by labor groups.

The education bill now under debate in the state assembly is the most controversial measure introduced by the Communist government. It would give the administration wide powers of supervision over state-aided private schools in Kerala, control over the appointment and payment of teachers, and the right to take over the administration of any school it decides is mismanaged. The bill has been widely attacked as a Communist scheme to displace the traditional educational system with Marxist indoctrination. The bill is bitterly opposed by the powerful Catholic elements in Kerala, which own approximately two thirds of the state's unusually well-developed educational facilities.

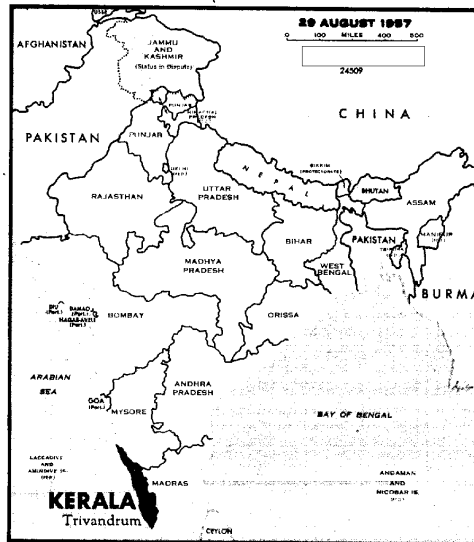
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The Communist regime has also come under considerable attack both within Kerala and elsewhere in India for its policy of limiting law enforcement in labor disputes. Widespread reports of "terroristic" activities by Communist-dominated labor groups, particularly directed toward foreign managers of the state's many large plantations, have followed the government's order restricting the state police from intervening in disputes between labor and management.

The much-publicized protest march on the state capital staged by Congress party and Catholic leaders on 26 August.

Kerala has not been reliably reported. The Communist position does not appear to be threatened seriously as yet, although the ministry seems to have been sufficiently impressed with the extent of the protest



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sentiment to make some minor modifications of the education bill prior to the 26 August demonstration. While Communist leaders are unlikely to alter their basic objectives in Kerala, continuing public opposition may force them to place even further emphasis on conciliatory tactics rather than on policies openly designed to extend Communist control over the state.

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The protest march apparently resulted in only minor incidents which the government forces were able to control without great difficulty.

The size and strength of this popular opposition in

BOLIVIAN POLITICAL SITUATION

President Siles is apparently consolidating his recent victories over the leftist group which has opposed Bolivia's US-backed economic stabilization program. Both in congress and in the powerful national labor confederation, Siles has defeated the forces of Juan Lechin, long Bolivia's most powerful labor leader.

Lechin's attacks on the program last spring apparently impelled Siles to drive for dominance. At a 17 May meeting of the government party's national political committee, Siles, reportedly by threatening to resign, gained party authorization to reorganize his cabinet and the party's national committee without prior approval

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of the Bolivian Labor Central (COB), dominated by Lechin. Siles then instituted an intensive program of taking the economic stabilization issue directly to the people.

Siles' opposition to the COB call for a general strike on 1 July not only prevented the strike and saved the economic program but also split the labor central into pro-Siles and pro-Lechin factions. Consequently, when the national congress opened in early August, new labor adherents of Siles combined with his moderate supporters to accept a resignation which leftist Vice President Nuflo Chavez--a Lechin adherent--had offered in pique and had sought to recall. The pro-Siles congressional majority had previously ousted Lechin as president of the Senate, in which office he was legally next in line of succession to the presidency. They elected moderate Federico Alvarez Plata to the post.

In the COB itself, where a Lechin slate had won virtually every post in elections last June, the pro-Siles opposition gained sufficient strength by 23 August to force the resignation of all officials except Lechin. The recent record of the successful group suggests that a reconstituted COB will provide Siles with effective cooperation, at least temporarily.

Siles, however, has depended to a considerable extent for each of these major victories on Juan Sanjines, formerly known as a Communist and now as a Communist sympathizer. Sanjines, as leader of the key railway federation, was the most important single labor leader opposing the 1 July general strike and probably the chief figure in the drive to reconstitute the COB. His power in congress was shown by his recent election as president of the lower house. Should he turn against Siles, it would endanger the latter's support, both labor and congressional.

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INSTABILITY IN CUBA

Opposition activity in Cuba has subsided since the failure of a general strike attempt early this month, and President Batista has moved to tighten his hold over the island. The tenuous nature of his position is underscored, however, by continuing political tension and rumors of increasing subversion within the armed forces.

Sabotage activities are likely to increase with the anticipated restoration of constitutional guarantees on or before 15 September.

A high-level shake-up of the military command in Oriente Province preceded a new drive against Fidel Castro's rebels in the Sierra Maestra. The government has clamped censorship on accounts of the action. Despite claims that the army, which reportedly is trying aerial bombardment, will shortly wipe out the rebel menace, it is doubtful that the current campaign will be any more successful than previous

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all-out extermination drives. Government efforts to woo the largely antiadministration populace of Oriente have failed to halt the moral and logistic support for the rebels.

The government coalition has continued preparations for presidential elections in June 1958, and an electoral law, which has passed both houses of congress, is awaiting executive approval. Opposition groups

appear to be preparing to boycott the elections, but so far have failed to agree on a common course of action.

Some basis for political stability is provided by Cuba's record-breaking economic prosperity, by Batista's strong hold over the powerful labor movement, and by the continued loyalty of top military figures.

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SOVIET LAWS TO COMBAT "PARASITICAL ELEMENTS"

The RSFSR, the largest of the Soviet republics, has published for discussion a draft law against "antisocial and parasitical elements." First proposed this spring in the Baltic republics, the decree has since been suggested with only minor variations in all the other republics except the Ukraine, Belorussia, and Moldavia. Uzbekistan and Turkmenistan have already put such a law into effect.

The law empowers general meetings of citizens of villages or city blocks to sentence to a term of exile of two to five years "able-bodied adults who lead an antisocial, parasitical life, who maliciously evade socially useful work, or who live on unearned income." The draft legislation specifies that a simple majority vote is required to adopt a sentence of exile. The decision must then be submitted for confirmation to the executive committee of the district or city soviet of working people's deputies. The punishment specified is defined as "obligatory engagement in work at a place of exile," with unauthorized departure punishable under the existing criminal codes.

The use of citizens' assemblies to pass sentences is apparently an attempt to encourage public condemnation of persons who avoid productive work or who support themselves through shady dealings such as speculation. One of the great stumbling blocks in combating such problems in the past has been public apathy.

Many Soviet citizens have apparently been struck by the decree's complete disregard of the judicial process. In public discussion, the law has met with an unusual amount of criticism and suggestions for changes. One of the most often reiterated suggestions is that the citizens' assemblies should be empowered merely to ferret out and discuss cases of parasitical behavior in their midst and that their findings should then be turned over to the courts for handling. It has also been pointed out that the law is too vague, does not provide for appeal, and conflicts with existing criminal codes. One person dismissed it summarily as being completely unconstitutional. In the two republics where it has been passed, however, no change has been made from the original draft version.

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While it is probable that the decree is viewed primarily as a deterrent and a means to stir up public censure, its potential for causing the persecution of a great number of individuals seems great. One Soviet citizen commented in a published letter that the law could be usefully applied against school graduates who wait for over three months to get a job.

Only a few cases of the law's application have been

reported thus far. In one instance a collective farmer was exiled for five years because he had "avoided communal labor for a long time." Another farmer "who had not earned a single workday in a year and a half" requested a light sentence on the grounds that he was willing to reform, so the collective gave him a one-year trial period. The latter case appears to be an illustration of what the regime hopes the law will accomplish.

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FURTHER EXPANSION OF NEW LANDS IN THE USSR PROPOSED

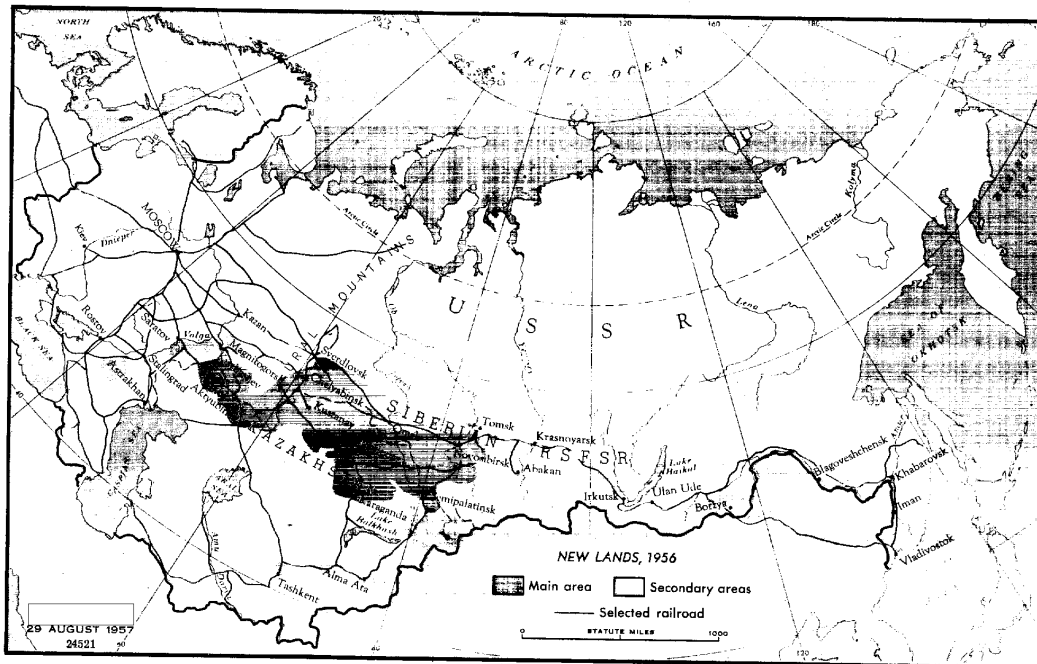
Soviet party secretary and presidium member Belyayev in a full-page Pravda article on 24 August attacked Malenkov's views on the grain program and --obviously speaking on behalf of Khrushchev--suggested the possibility of reclaiming an additional 30,000,000 to 37,000,000 acres of new land in the RSFSR in the next two years. This expansion would double the new lands area in the RSFSR, which contains about 40 percent of the 89,000,000 acres reclaimed thus far in the new lands program.

With the grain crop this year in danger of falling 10-15 percent below last year's, Khrushchev apparently considers a good offensive his best defense against possible charges that his agricultural policies have failed. He apparently is

willing to take the risks involved in a further expansion of grain production into virgin lands to bolster prospects for realizing his goals of catching up with the United States in per capita production of meat, butter, and milk. An expansion of the magnitude suggested would contribute toward these goals but would fall short of enabling the livestock goals to be met. Nevertheless, this proposal is the first which could contribute significantly toward achieving these goals.

Belyayev suggested that the yearly grain production from the new areas would amount to about 10,000,000 to 15,000,000 tons, which would be roughly 10 percent higher than the long-run average to be expected from the present grain area. The yield possibilities suggested

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by Belyayev are somewhat more modest than those predicted by Khrushchev for the new lands, but are still overoptimistic for the area in the long run.

The preliminary nature of Belyayev's proposal is made clear by his statement that according to "tentative estimates of local organizations" it is possible to reclaim this amount of land in the Urals and Siberia.

Belyayev said that Siberia is a particularly desirable area in which to expand agricultural production since it has large amounts of easily reclaimed land, is less subject to drought than other areas, is near large industrial centers, has relatively good transportation facilities, and has machinery and experienced cadres available.

The yields in the Siberian portion of the new lands are on the average higher than in Kazakhstan, and the harmful effects of rainy weather during harvesting may be somewhat alleviated by the two-stage method of harvesting suggested by Belyayev. On the other hand, it is probable that any land reclaimed in the future would be of poorer quality than that brought into cultivation in these areas in the initial new lands program.

On balance, it is probable that the long-run yields in the proposed area of reclamation will approximate those estimated for the original new lands areas, nine to ten bushels of grain per acre. The country-wide average is approximately 12 bushels per acre. [Prepared by

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USSR EXPECTS TO BECOME SELF-SUFFICIENT IN INDUSTRIAL DIAMONDS

New diamond discoveries in the Yakutsk ASSR allegedly make it "quite feasible" for the USSR to become self-sufficient in industrial diamonds possibly during the Sixth Five-Year Plan. According to an article in the June issue of *Voprosy Ekonomiki*, Soviet annual diamond requirements will reach six million carats in 1960, with the rest of the "socialist camp" requiring an additional one to three million carats, all of which will presumably be available in the USSR. Production sufficient to meet such requirements would be equal to about half the 1956 world output.

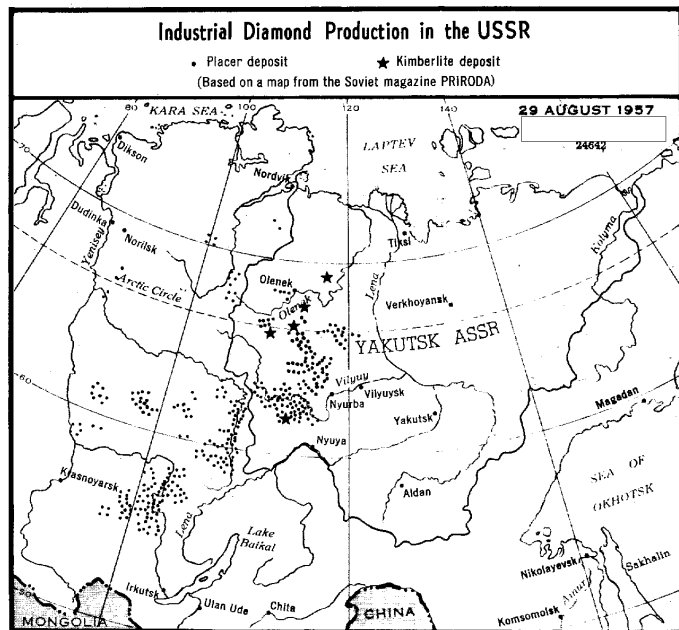
The wide publicity in 1956 accorded the extensive diamond discoveries in the Yakutsk ASSR indicated that the USSR hoped eventually to be able to dispense with imports of African diamonds obtained in circumvention of Western strategic trade controls. The 1956 publicity, however, indicated that

development of these diamond fields was not scheduled to begin until late in the Sixth Five-Year Plan in view of difficulties of climate and terrain. Apparently not foreseeing the possibilities for development of the Yakutsk diamond industry, the USSR had in 1955 subsidized the Indian Panna diamond mines, from which it evidently expected to obtain up to 25 percent of its requirements.

Soviet diamond output at present is based largely on placer deposits in Nyurba Raion and on the "Mir" kimberlite diamond deposit. Although five other deposits are known to exist, only the "Mir" is known to be under development, and is believed to be the only one which has been sufficiently prospected to permit a reasonably accurate estimate of the industrial diamond content.

Soviet expectation of a total production of 7,000,000 to 9,000,000 carats seems to be based on the assumption that the other reported kimberlite deposits will actually prove to contain sufficient quantities of bort, gemstone, or industrial diamonds to warrant serious exploitation.

In addition to problems of location and climate in exploiting the Yakutsk diamond fields, the deposits are so far removed from civilization as to require the establishment of settlements before extensive prospecting can be undertaken.

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The "Udachnaya" deposit is somewhat over 1,000 kilometers from river ports and in the tundra beyond the polar circle where the ground is frozen the year round. The "Mir" deposit and placer mines, where the only known attempt at mining diamonds on a commercial scale has been made, are in a some-

what more favorable location. A settlement has been built about one and a half kilometers from the diamond deposit near Nyurba, and construction of a 40,000-50,000-kilowatt thermal electric power station has been proposed. (Prepared by ORR)

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PEIPING TIGHTENS SQUEEZE ON CONSUMER

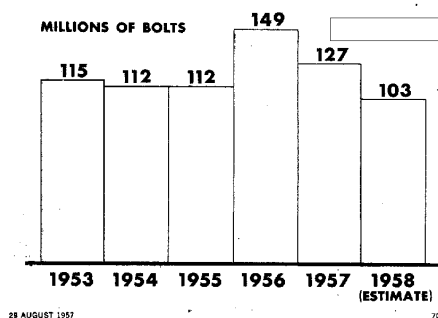
Peiping's decision on 16 August to reduce the cotton textile ration for the next ration year (September 1957 to August 1958) by more than one third is the most severe of several recent steps designed to impose increased austerity on the Chinese consumer. In addition to the ration cut, the authorities have launched an intensive effort to convince both the rural and urban populace of the necessity for further reductions in food consumption and have sharply narrowed the permissible scope of the "free markets."

These measures indicate that Peiping is prepared to depress consumer welfare below current low levels in order to fulfill plans which call for a slight increase in investment in 1958. The authorities are apparently convinced that they can keep any resultant discontent within manageable limits.

In the ration year beginning 1 September, the Chinese consumer will receive only 19-21 feet of cotton cloth, the most important textile in China. This is only slightly over half the amount available to the Indian consumer. When the previous ration year began last

September, the Chinese consumer was promised an average of 29 feet, but a disappointing cotton crop in 1956 forced the regime to cut back the ration for the second part of the ration year by 50 percent. The result was that an average of only 24 feet was actually issued during the year.

Certain special privileges given under the past ration

COTTON CLOTH FOR CIVILIAN USE IN COMMUNIST CHINA

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systems have also been reduced or eliminated. The differential in the ration between large cities and the countryside is to be reduced, while the preferential ration accorded students, workers and party and government cadres is to be eliminated. Army

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officers, however, retain their favored position.

Peiping bases its new ration on the hope that an "average" cotton crop between 1,-350,000 and 1,500,000 tons will be harvested this year. However, the total acreage planted to cotton this year is some one million acres less than in 1956, and a half million more acres have reportedly been abandoned because of "excessive rainfall and floods." Thus, the outlook for a crop equal to last year's is bleak, and the ration may have to be cut even further. Actually, the cotton textile outlook over the next few years is almost as bleak, and Peiping now says that it will place new emphasis on the creation of a synthetic-fiber industry beginning in 1958.

Meanwhile, the Ministry of Food has said that the food rationing system must be tightened further, and the official People's Daily has flatly declared that "grain sales can be reduced." This drive to

scale down the amount of food consumed while insisting on increased deliveries of food by the peasants is an attempt to build up reserves which were badly run down last year and to improve the regime's shaky financial position.

Moreover, the scope of "free markets," instituted less than a year ago with a view to simplifying the market by making it easier for producers of selected commodities to reach their consumers, has been severely curtailed. A State Council directive of 17 August prohibits a wide range of products defined as coming under the state's centralized purchasing program from entering the "free markets" until all the state's demands have been met. Only minor products such as poultry, fresh eggs, spices, a few marine products, and some relatively unimportant native medicines can henceforth be handled, under strict state supervision, in the remaining "free markets," and any of these products may be removed if shortages develop.

(Prepared by ORR) 25X1

REPORTS ON MAO TSE-TUNG'S POSSIBLE RETIREMENT

There have been unconfirmed reports in recent weeks that some Chinese Communist leaders are in disagreement with policies imposed by Mao Tse-tung, and a rumor that Mao himself wishes to retire to a scholarly life. However, most of Mao's lieutenants would probably oppose his withdrawal during the present "time of troubles."

Mao is vulnerable to the charge of having acted impetuously in the socialization of agriculture in 1955-56, in the "liberalization" campaign of

1956-57, and possibly in economic planning for 1956. He personally reversed the party's cautious course on socialization, was clearly the sponsor of the "hundred flowers" policy, and may have insisted on more ambitious economic planning than his more conservative economists advised. These decisions contributed heavily to the serious economic and political problem now confronting the regime.

The Chinese Communist press has recently been quoting unfavorable remarks about Mao by

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"rightist" figures. One non-Communist is said to have described Mao as "impetuous" and "not thoughtful." A long-time Communist party member is quoted as advising Mao not to "assume the air of a benevolent god," and as declaring that he had "begun to doubt that Chairman Mao had made no mistakes." Although the aim in publishing such remarks was presumably to emphasize the depravity of the rightists, many party members may regard these views as having some merit. Moreover, these views may reflect some comments made at or near the top of the party.

There is a rumor current that Mao has expressed a wish to resign in the near future in order to work out a design for the development of China over the next century. Regarding himself as a philosopher and poet, Mao, who will be 64 in December, may indeed desire a less demanding role in public life. If he actually has expressed a wish to retire, party leaders who want him to withdraw may encourage him to do so, an action they would otherwise probably not dare to take. The party constitution adopted last fall authorizes the party central committee to appoint "one honorary chairman"--clearly a provision for Mao.

However, the gravity of the regime's current problems makes it seem improbable that Mao will step down at this time. Most of his lieutenants



MAO TSE-TUNG

would probably calculate that his resignation during a "time of troubles" would considerably increase those troubles. The party membership and the populace in general have long been encouraged to believe that only Mao's leadership could have brought the party through its problems to its triumphs of the past decade. A declining emphasis on the need for Mao's personal leadership would be expected to precede his retirement.

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PLANS FOR NATIONAL CONFERENCE IN INDONESIA

Indonesian Prime Minister Djuanda has called a national round-table conference to be held in Djakarta from 10 to 15 September to resolve outstanding issues between the central government and the dissident provinces. It is not yet certain, however, whether all important dissident leaders will

attend. Although Sumatran leaders have approved the idea, they have stated they would prefer that the conference be held in "neutral territory" such as Borneo.

The success or failure of the conference may well determine whether Indonesian unity

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is to be restored or whether the current trend toward fragmentation will be accelerated. The agenda apparently will cover all matters in dispute between the provinces and the central government. Taking priority will be a discussion of the restoration of the Sukarno-Hatta partnership, which in Djuanda's opinion is the greatest single need of the country. He has told the American ambassador he believes that if this discussion fails, the conference will have failed and the nation's situation will speedily become more critical.

Djuanda is encouraged by the fact that both Hatta, who is popular in the provinces, and President Sukarno have agreed to attend the conference

as "supreme advisers." Hatta is postponing his departure for Communist China until 19 September in order to participate.

Despite his willingness to be present, Sukarno in a 24 August address demonstrated again that he still stands at cross purposes with Hatta and with provincial leaders in their demands for greater political and economic regional autonomy. He spelled out the aims of his concept of "guided democracy" as the establishment of a "free, independent, fully united, unitary Indonesian Republic" and the realization of "a society of justice and prosperity, in other words, socialism." He also has recently reiterated his denunciation of provincial leaders as "selfish adventurers."

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PART III**PATTERNS AND PERSPECTIVES****DISARMAMENT AND SOVIET POLICY**

The Soviet stand at the London disarmament talks this year has been characterized, as Secretary Dulles has said, by "somewhat more realism and less bombast" than in the past. The USSR has made a number of important concessions in the talks, but the tactics of the Soviet negotiators and a number of statements by Khrushchev suggest that Moscow does not expect any disarmament agreement to be concluded in the near future and that many of its proposals and statements are designed mainly for immediate propaganda advantage.

During the Stalin era the Soviet leadership did not seem to appreciate the full implications of the atomic age, but did recognize that as long as the USSR lacked atomic weapons it was in an unequal bargaining position with the West, and it studiously avoided serious negotiations on disarmament. The Soviet stand from 1945 until 1954 was shrewdly conceived as propaganda to prevent the United States from using its atomic bombs as an instrument of the cold war. Moscow consistently demanded the immediate prohibition and destruction of atomic weapons, offered only vague suggestions for control measures to enforce this, and proposed a flat one-third cut in all armed forces without revealing the size of its own.

Since 1954 the Soviet Union apparently has felt close enough to atomic equality to enter the disarmament negotiations with proposals increasingly realistic and flexible. The Soviet leaders also seem to realize the unprecedented devastation that would follow a nuclear war, and this has heightened their interest, if not in a general disarmament agreement,

then at least in measures to prevent the use of nuclear weapons in warfare. Furthermore, the enormous and increasing cost of nuclear weapons and missiles has provided the USSR as well as the West with an incentive to put some limits on the arms race.

About one seventh of the Soviet economy's total output, measured in rubles, is devoted to military purposes. While defense costs will continue to rise, the total economy probably will grow at about the same rate, so these expenditures need not become an increasingly heavy burden. Nevertheless, Khrushchev's new commitments to higher living standards and his continued obsession with overtaking the United States in per capita production, plus the difficulties encountered in maintaining the growth of raw materials industries in 1956-57, must impress on the Soviet leaders the desirability, although not the necessity, of shifting resources from defense to other purposes.

The increasing need for civilian labor can be met in part by reductions in military manpower; cuts in this field do not greatly weaken the USSR's military position relative to the West and therefore can be undertaken unilaterally. Unilateral reductions in military production, however, if they were big enough to help solve economic problems, could weaken the Soviet position. Diversions of production from defense to the civilian economy, therefore, depend on an agreement with the West.

The technical complexities of the nuclear age are a serious obstacle to a disarmament accord since they make control measures difficult and in some

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cases impossible. The differences between the Soviet and Western blocs in the combination of forces, armaments, bases, and alliances relied on for security have also accentuated disagreement in disarmament negotiations.

**Disarmament
In Soviet Foreign Policy**

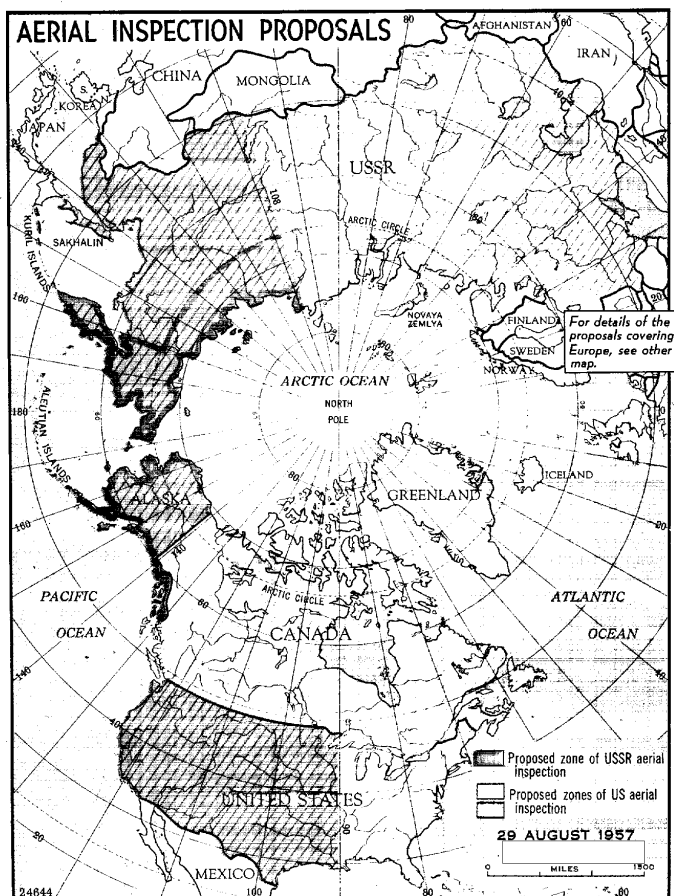
The Soviet Union is trying to strengthen its security and increase its influence outside the orbit by seeking the removal of American power and influence from Europe, the liquidation of foreign bases from the Soviet periphery, and the inhibition of the American nuclear deterrent. Achievement of the last-named goal would lessen the danger that small wars and revolutions, possibly resulting from Soviet maneuvers, might expand into major nuclear wars.

The Soviet leaders appear to believe that some of these goals can be achieved either without a disarmament agreement or with a limited agreement tailored to a considerable extent to conform with Soviet views. Which method Moscow uses depends on the success of Soviet efforts to weaken the Western defense system without a disarmament agreement or on the willingness of the West to meet Soviet terms.

The Soviet leaders probably consider, however, that a formal signed agreement has certain advantages. For example, it would be the surest way to gain a mutual pledge not to use atomic weapons. The main disadvantage of a formal agreement from Moscow's viewpoint is that to gain the limitations on atomic warfare and elimination of foreign

bases, at least some unwelcome concessions in the field of inspection and control would be necessary. In the current London talks, particularly since its 30 April proposal, the Soviet delegation has emphasized the advantages of a partial agreement, probably considering this the only chance to gain some aims without major concessions to the West.

Moscow realizes that the Western governments are under some popular pressure to come to an agreement but may have overestimated this pressure. Several retreats by the Western powers from offers previously made have strengthened recurring Soviet doubts that the Western powers are willing to sign any disarmament agreement. Several times during

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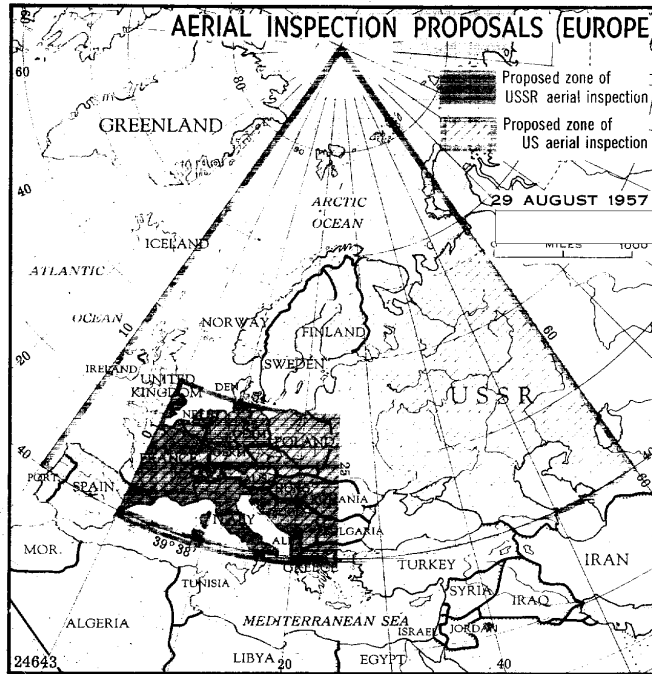
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the current negotiations Soviet officials have expressed concern to Americans that France and Britain were blocking an agreement between the United States and the USSR.

In May 1956, Khrushchev told French officials that the Soviet leaders had come to the conclusion that there was no possibility of a disarmament agreement because of the attitude of the United States, and that the USSR had decided to proceed unilaterally in the disarmament field with the expectation that sooner or later other countries would have to follow suit. Khrushchev was referring particularly to Soviet announcements that in 1955 and 1956 the USSR would reduce its military manpower by 1,840,000, a move designed to induce the West to make even greater cutbacks in its defense establishments. The heavy Soviet propaganda campaign against nuclear and thermonuclear tests and the sharp diplomatic campaign against the setting up of nuclear-equipped units in Europe were part of the continuous effort to play up a distinction before world opinion between conventional and "inhuman" nuclear weapons. In a broader sense, the entire Soviet peaceful-co-existence policy is designed to persuade the West to solve serious budgetary problems by cutting back defense outlays.

The content and the timing of specific Soviet offers on disarmament have often appeared to be determined by more immediate tactical interests. The first sign of Soviet flexibility on disarmament in the post-



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Stalin period appeared in a September 1954 proposal, timed to coincide with the crucial London meeting of the Western foreign ministers to devise a substitute for the EDC treaty just defeated in the French assembly. Soviet endorsement of an aerial inspection plan for Europe was first revealed in a proposal on 17 November 1956, designed to show that the Soviet intervention in Hungary did not indicate a return to Stalinist policies.

Soviet disarmament moves often have the tactical aim of placing the blame on the West for the failure to date of the negotiations to produce any signed agreement. Thus the Soviet emphasis on the simple issue of atomic test suspension is largely due to realization that world opinion favors an end to tests and the calculation that the West is unlikely to agree to a test suspension standing by itself. The Soviet statement on 26 August claiming that the USSR had

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successfully tested an intercontinental missile was probably timed to increase support for the Soviet nuclear test ban proposal at the forthcoming UN General Assembly session.

Aspects of Disarmament

The disarmament negotiations in the UN subcommittee this year have involved five separate categories of issues--control of nuclear weapons, prevention of surprise attack, cutting conventional forces, eliminating troops and bases on foreign soil, and establishing political preconditions--each of which needs to be examined separately to show the reasons for the Soviet position and the changes in that position during the London talks.

In sum, the Soviet Union has been trying to impose political and moral limitations on Western use of nuclear weapons as a deterrent and to eliminate or reduce Western military forces and bases in Europe and elsewhere on the Soviet periphery. The primary Western objective of removing the dangers of surprise attack has been answered with reluctant concessions and a deep-seated distrust of the control and inspection measures which the West considers essential both for preventing surprise attack and for ending nuclear tests and future production of nuclear weapons.

Nuclear Weapons: The Soviet interest in disarmament is centered primarily on the question of nuclear weapons because they constitute the main deterrent on which the United States relies. Moscow's foreign policy is considerably inhibited because of danger that through miscalculation, small conflicts might be expanded into a nuclear Armageddon. Through the years the Russians have proposed prohibitions on atomic weapons, and the West has suggested

systems of inspection and control. Moscow has also shown some concern over the possibility that other nations may develop atomic weapons, particularly a nation such as West Germany, thereby increasing the explosive risks of small wars.

For many years Soviet disarmament proposals centered on a demand for the prohibition and elimination of atomic weapons. Soviet responses to Western demands for control mechanisms were vague and feeble. Gradually both sides came to realize that it was impossible to detect secret stockpiles of nuclear materials and weapons which had been accumulating in the United States, the United Kingdom, and the USSR; the USSR frankly admitted this in its proposals of 10 May 1955. Although Moscow continues to describe its long-range goal as the complete prohibition of nuclear and thermonuclear weapons, with a cessation of their production and the destruction of stockpiles, its recent proposals for a partial agreement call only for a statement that the parties will seek to achieve this in the future. Zorin has said privately that he realized the elimination of all nuclear weapons was impossible in a limited agreement. This change in line reflects a new realism in Soviet negotiations, a realization that it is counterproductive to demand an agreement that cannot be enforced. It also reflects the continuing fundamental Soviet hostility to those control and inspection measures which might be practical.

One step the USSR has long proposed as a means of dealing with this problem is the signing of an unconditional pledge not to use atomic weapons. Soviet officials have made it clear they have no illusions that such a pledge would prevent their use in an all-out war between the United States and the USSR, but they believe

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it would be effective in preventing use of nuclear weapons in a limited war. The USSR also expects it would destroy the confidence of the free world in the military strength of the Western alliance systems. In the current disarmament session, Moscow has been insisting on this pledge as one element in a partial agreement and has rejected the Western counterproposal that such a ban exempt situations of individual or collective self-defense.

Since February 1956 the USSR has emphasized the immediate suspension of nuclear and thermonuclear tests independent of other aspects of the disarmament question. Moscow now proposes that it precede even a partial agreement in line with Khrushchev's assertion that it is the one question that can be solved even before mutual trust is established among the great powers.

The Soviet Union modified its earlier proposals for a complete ban with its 14 June 1957 plan for a two- or three-year suspension of tests, to be checked by control posts in the Soviet Union, Britain, the United States, and the Pacific Ocean area. The USSR has objected to linking a suspension with other issues, such as the ban on production of fissionable material for weapons purposes proposed by the West. The Russians appear to be trying to make the test issue the central one in the current negotiations in order to confront the West with a simple, clear-cut, popular offer which it believes will be rejected, with a resulting world-wide propaganda gain for Moscow.

The 14 June Soviet proposal was not put forward until Soviet negotiators had ascertained the likelihood of Western rejection. The advantages to the USSR of concluding an agreement on test suspension, the

prevention of nuclear weapons development by other nations, and the official recognition of a distinction between nuclear and conventional weapons are offset by the present technical lag of the Soviet Union behind the United States in nuclear weapons development. Therefore, while the Soviet Union may eventually desire a ban on tests, its primary purpose in emphasizing this in the current negotiations is probably to gain propaganda advantage.

The West has proposed, as part of a partial agreement and prerequisite to a test suspension, an agreement for the cessation of nuclear weapons production and an inspection system to ensure that future production of fissionable materials would go exclusively for nonweapons purposes. It has also proposed that subsequently agreed and roughly equal amounts of fissionable materials be transferred by the United States and the USSR (and smaller amounts by Britain) from existing weapons to an internationally supervised stockpile for nonweapons purposes. The Soviet Union has opposed these plans, with Zorin stating privately that a ban on production must be tied to an unconditional pledge to ban use and to seek complete prohibition and elimination.

The Soviet coolness to that form of control which the West believes is possible to enforce--the ban on future production of nuclear materials for weapons--is a symptom of the long-standing Soviet hostility to control recently expressed by Khrushchev. Speaking on 13 June in Finland, he said that controls will not prevent a state from preparing for aggression. "To advocate control is one thing, but to admit foreign controllers to one's factories and plants and airfields and arsenals is another."

Surprise Attack: The unreliability of any possible

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inspection procedures to check on existing atomic-weapon stockpiles has led the West to put increasing emphasis on measures to prevent surprise attack. The Western theory is that surprise is essential for the success of aggression today, that effective inspection procedures can largely remove the surprise element, and that if this were done both sides could take the risks of major reductions in their defense establishments.

The West is more concerned than the USSR about the danger of a surprise attack and the West has a greater interest in sending inspectors into the large forbidden areas of the USSR. The West has taken most of the initiative for adopting measures against surprise attack, and the Soviet counter-proposals have been offered to demonstrate Moscow's willingness to negotiate. There remains considerable doubt that the USSR would be willing to make the radical changes in its closed society that its own inspection proposals would require. It has put a greater emphasis on ground inspection, while the West has stressed aerial inspection.

The USSR took the lead in its 10 May 1955 plan in proposing the establishment of control posts at large ports, rail junctions, major highways, and airfields to prevent surprise attack by reporting on military concentrations. On its latest proposal for a partial agreement, the establishment of control posts at airfields is postponed until the later stages.

The inspection area would include Europe, the eastern border of the United States, and the western fringe of the USSR, and could include areas covered by aerial inspection. The principal difference in Western ground inspection plans is the inclusion of airfields

in the early stages, and the additional use of mobile inspection teams.

The more controversial issue is the aerial inspection proposed by President Eisenhower at the summit conference in July 1955 and emphasized by the Western powers since then. The Soviet leaders immediately reacted coldly to the proposal publicly and privately, making it clear that they felt it was designed for espionage purposes and would contribute nothing to a disarmament solution.

When the USSR offered its first specific plan for aerial inspection in November 1956, it emphasized that it still considered the step unnecessary but was offering a plan to meet Western insistence. Khrushchev said on 13 June of this year, "We have stated from the very beginning that those 'open skies' offer nothing, and that this proposal (President Eisenhower's) can only increase the suspicions felt by one power toward another." This attitude lends an air of unreality and insincerity to the specific aerial inspection schemes offered by the USSR.

The USSR seems primarily interested in a European zone, while the West, concerned about the political problems in Europe, wants to make a zone there conditional on acceptance of one of its other two proposed zones. One of these encompasses all of the USSR, the United States, Canada, and Alaska; the other is limited to the Arctic, Alaska, and Kamchatka. Outside of Europe the Soviet Union has proposed a zone including the eastern part of the USSR and the western United States, areas of roughly equal size but unequal in industrial and strategic importance.

Conventional Forces: In the early postwar negotiations the Western powers sought to counter Soviet demands for the

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prohibition of nuclear weapons (a monopoly of the West) with plans for reductions in manpower (in which the USSR was predominant), starting with the provision of accurate information about the size of all forces. The USSR offered unrealistic and unverifiable proposals for an all-round one-third cut in forces. In May 1955, the USSR accepted a British-French proposal to set the maximum force level of the United States, the USSR, and China at 1,500,000 each and of Britain and France at 650,000 each, with the reductions to be accomplished by stages phased into steps toward nuclear disarmament.

In the present circumstances the Soviet Union believes that such extensive cuts would greatly weaken the overseas commitments of the Western powers, particularly the United States. The USSR has already announced cuts of 1,840,000 in its military forces since August 1955, and has carried out at least some of them, and it may contemplate further cuts in the future as newer weapons create budgetary problems. Therefore, the Soviet Union would like the Western powers to sign an agreement committing them to make equivalent cuts.

In the current negotiations the USSR has accepted a Western compromise for a reduction of forces to 2,500,000 each for the United States and the USSR and 750,000 each for Britain and France in the first stage, with cuts of the great powers to 2,100,000 and 1,700,000 and proportionate British and French cuts in the second and third stages. However, the West has made these further cuts conditional on progress in the implementation of the whole disarmament agreement and on progress in the settlement of political issues. Zorin only recently emphasized that the partial agreement must include firm and

unconditional provisions for these further cuts.

The USSR had proposed that these manpower reductions be accompanied by a 15-percent cut in armaments and budgets, while the West proposed 10 percent. During the current negotiations the USSR has stated that it has no objection in principle to an alternative Western plan for an exchange of lists of the armaments to be reduced and their deposit in an internationally supervised stockpile, but the details of such a scheme have still not been worked out.

Troops and Bases on Foreign Soil: A major aim of Soviet policy is to gain the removal of American forces from Europe and other areas peripheral to the USSR. As part of the disarmament negotiations, the USSR has sought to achieve this by proposing not only sharp reductions in total troop strength but also a cut in forces in Germany and all of Europe and an elimination of foreign bases. The West has never accepted the European force cuts and base liquidation as a legitimate part of a disarmament agreement.

The USSR has made a number of these proposals in the past, each with several variations, designed as part of a European security plan, a disarmament package, or as steps that could be taken independently "to lessen international tension." Khrushchev has several times talked vaguely about the withdrawal of all foreign troops and bases, particularly from Europe. This area illustrates very well the Soviet technique of seeking the same objectives both within and outside the disarmament negotiations.

The current Soviet proposal for a partial disarmament agreement provides that an agreement be reached on the liquidation of some foreign bases within one

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or two years, that the four powers make a one-third cut in their forces in Germany, that the total military forces of the four powers stationed on the territories of member states of NATO and the Warsaw pact be reduced, and that the location of atomic weapons on foreign soil, and particularly in Germany, be banned. Zorin recently made it clear that the USSR still insists that these provisions be included in a partial agreement.

Political Preconditions:

The West has emphasized that no comprehensive disarmament agreement is possible without political settlements, and asserted in the Berlin declaration of 29 July that this must include German unification.

In the current negotiations on a partial agreement it has insisted on progress toward political settlements before the second and third stages of military force reductions.

Although Zorin said privately in April that a partial agreement including the reduction of troops and bases abroad would ease international tension and be followed by negotiations on political issues, he has remained adamant in public and private statements against including any reference to political settlements in a partial disarmament agreement. He has continued to question the Western delegates on the precise nature of the political conditions they are demanding.

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THE ARAB REFUGEE PROBLEM

Talks have taken place in Europe during the past few months between Israeli officials and representatives of the Palestine refugees. The Arabs involved probably represent a refugee group interested in making a settlement for assets still under Israeli control; Arab governments reportedly have not participated. While such talks have occurred in the past without results of major significance, some refugees and certain Arab officials may be adopting a more flexible attitude than they have maintained in the past.

At present, a United Nations group is completing a survey of the lands and properties in Israel formerly held by refugees. Completion of the survey will provide a basis for determining who would be entitled to receive compensation and how much. About 642,000 acres of former Arab

land are said to be subject to adjustment.

Integration and Resettlement

Some refugees--mostly members of the professional, land-owning, or skilled-labor classes--have been integrated into the society and economy of the Arab states. In Lebanon, substantial numbers of Arab Christian refugees have been absorbed; many of them have found employment in Beirut, Tripoli, and Sidon. Those who have become thus established are unlikely to favor returning to Israel.

Small-scale refugee migrations to Iraq have occurred in the past and have lately been reported again. Although Iraq is underpopulated and in need of peasant farm labor, the problems of refugee resettlement there are acute. Numerous feudal landlords still control much of the farm lands. A substantial

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influx of Palestinian labor would require a great social, and perhaps political, upheaval of a scope beyond any now in sight. Moreover, the living standard of the Iraqi peasant is even lower than that of the Arab refugees, and the younger refugees, who presumably would form the bulk of potential emigrants, have not been close to the soil and are not the hard-working fellahin of pre-Israel days in Palestine.

The Arab governments have opposed any schemes for resettling on the grounds that to do so would be a renunciation of repatriation as the ultimate goal. The nearly one million

displaced Arabs themselves, for the most part, are adamant in refusing to consider any solution to the problem other than repatriation. They consider "resettlement" virtually a forbidden word. As a result, the \$200,000,000 resettlement fund of the UN Relief and Works Agency (UNRWA) remains largely unspent, although UNRWA's mandate expires in 1960 with scant possibility of renewal. This fact may in time prove the most effective stimulus to new plans, since the alternative is for the refugees to become charges of the host governments.

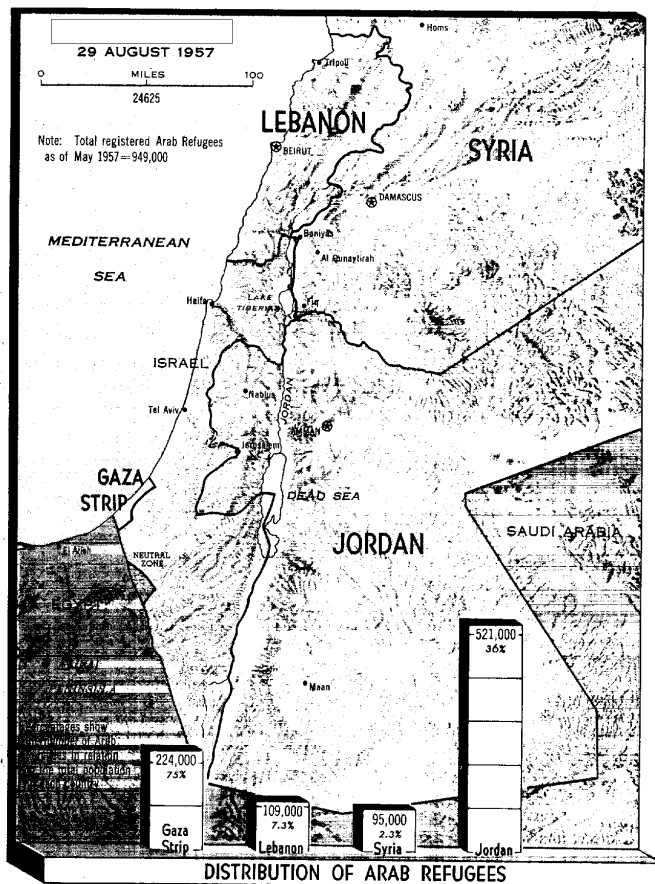
Scope of the Problem

As of 31 May there were 949,407 refugees registered with UNRWA. They are distributed geographically among the Gaza Strip (224,000), Jordan (521,000), Lebanon (109,000), and Syria (95,000).

Refugees may constitute as much as 75 percent of the total population of Gaza; in Jordan they number 36 percent of the people, and in Lebanon and Syria the percentages are 7.3 and 2.3 respectively.

About 43 percent or 410,000 of the refugees are from one to 15 years old, and an estimated 225,000 of this number were born as refugees. Each year roughly 25,000 more refugee births than deaths occur.

There are 368,394 persons living in UNRWA camps. While considerable housing has been provided, 14,000 tents remain

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in use. The vast majority of the refugees do not benefit from UNRWA facilities but live in squalor outside the camps. Some still dwell in caves in the hills of Palestine.

UNRWA provides food, education, and medical care to approximately 845,000. Various voluntary agencies, both religious and secular, contribute additional services, mostly supplementing those provided by the UN agency. Assistance toward self-support is also part of the UN relief program. However, work opportunities are especially scarce in Jordan and the Gaza strip, where most of the refugees live, and most of the available opportunities are skilled jobs for which the majority are unsuited.

Although unemployed and living in generally deplorable conditions, the average refugee is provided with care and services which in some cases are better than those available to many nonrefugee Arabs. In spite of this, refugees consider the relief services insufficient. They regard the UN as largely responsible for their plight and the relief measures as a debt owed them by the world at large.

Politics and Leadership

From the refugee point of view, the problem demands a political rather than an economic solution. Hence, the refugees have rejected all measures for resettlement and have exerted constant pressure on the host governments toward achieving the goal of repatriation.

On an East-West scale the refugees, far from being neutralist, are almost completely anti-Western. Their antipathy stems from a belief that the West "created" the archenemy

Israel which now occupies their former homelands. Such sentiment in Jordan, where refugees constitute over one third of the electorate, kept that state from joining the Baghdad pact in 1955. Before King Hussain consolidated control last spring, refugee influence was the major factor intimidating pro-Western voices and encouraging Jordan's politicians to follow the Egyptian and Syrian lead toward closer relations with the Soviet bloc.

The frustration of the displaced Arabs makes them highly susceptible to exploitation by extremist politicians both inside and outside their ranks. Indeed, an extremist position has almost been a requirement for achieving leadership among the group. There are known to be some moderates, possibly even a considerable number, but their views, if expressed at all, have so far had little chance of being heard.

With leadership in the hands of extremists, no effective organization has developed and no individual leader appears to be of more than local significance. Some refugee landowners have organized, and other groups of limited scope exist. The dispersion of refugees among 58 camps in four countries virtually precludes a centralized refugee organization. Even within the states, refugee opinion apparently is exerted most effectively beyond the confines of the camps through nonrefugee politicians.

Both Egyptian and Communist influence on the refugees is strong. Many of Egypt's fedayeen commandos have been recruited from the camps in Gaza and Jordan, where Nasr is a hero. Jordanian elections in October 1956 revealed a definite pro-Egyptian bias on the part of educated Palestinian Arabs.

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These in turn are leaders of the workers and peasant farmers, the fellahin.

Communism has made most headway among the young. Raised in a camp atmosphere, free from effective parental control and the inhibitions of a stable village social structure, the young people are ready prey for leftist indoctrination. A group of Communist teachers has operated within the camp school system in Jordan. Student strikes there are believed to have been Communist inspired.

Mohammedanism reportedly has assumed a radical coloration among refugees. One observer believes that Islam is returning progressively to the fanaticism which characterized it in medieval times.

Present Government Attitudes

"Justice" for the refugees remains a potent shibboleth around which to rally Arab unity. In the face of recent Egyptian charges that the Jordanian and Iraqi governments were "betraying" the refugees by allegedly negotiating with Israel, the accused governments found it necessary to reaffirm their opposition to anything but repatriation for the displaced Arabs. Yet, while official Arab attitudes toward the problem are publicly uniform, deviations occasionally have been indicated. Iraq, considered a suitable area for refugee absorption, at times has seemed inhibited only by Arab League injunctions against refugee emigration. Privately, the Iraqi attitude has been one of willingness to accept those refugees who might come to Iraq but to resist any forced or imposed resettlement.

In Lebanon, any possible integration of refugees is complicated by the delicate bal-

ance between Moslems and Arab Christians there. In 1955, the Lebanese foreign minister indicated a readiness, within the framework of a peace settlement, to accept all of the 16,500 Christian refugees in Lebanon and a proportionately smaller number of Moslems. No Lebanese politician would be willing to espouse this view openly under present conditions.

On 19 July, a Syrian official, summarizing his country's attitude toward the general problem of Palestine, told an American representative that settlement of the Arab refugee problem is dependent on adoption and enforcement of a policy of preventing further Jewish immigration into Israel. If such immigration is halted, he asserted, Israel will not need to expand to take care of the large future population on which it counts. The question of the Arab then allegedly could be settled by the Near Eastern countries themselves. These remarks are noteworthy because of the acknowledgment of a solution short of total repatriation.

Israel itself has revealed an altered attitude toward the refugees. The Israeli minister to Washington advised the US State Department on 25 May that Israel's policy was changing in two significant respects: the Israelis no longer feel it is essential to bring about a settlement through the UN, and they no longer insist that the refugee problem has to be resolved as part of an over-all peace settlement. However, Israel still does not show any willingness to undertake serious commitments in resolving the problem, and there is some question as to how far any Israeli cabinet could go in the event serious proposals should arise.

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TREND TOWARD POLITICAL CHANGE IN BRITISH EAST AFRICA

A fast-growing political consciousness among the Africans of British East Africa--Kenya, Uganda, Tanganyika, and Zanzibar--has led to demands both for more African participation in present colonial governments and for early self-rule.

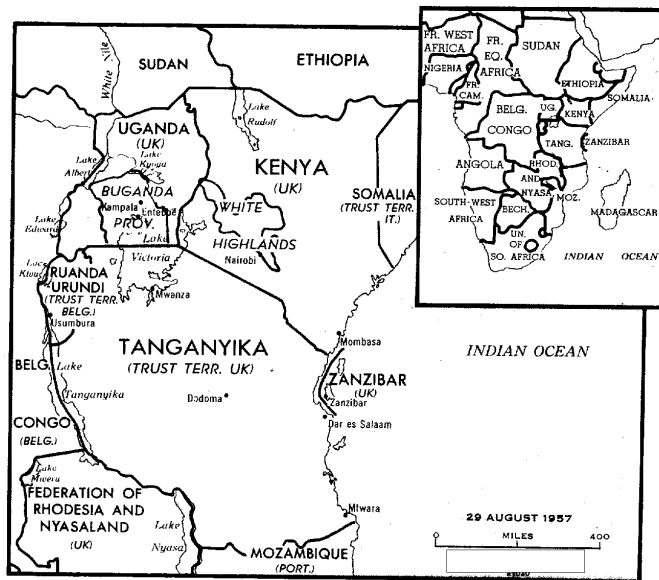
This trend is reflected in the attention being given in London to the development of a long-range policy for Africa. The desirability of locating a large military base in Kenya increases the British government's concern for stability in East Africa.

Kenya

The problem of nationalist agitation is particularly pressing in Kenya where it might lead to a new outbreak of racial conflict. Many factors which contributed to the rise of Mau Mau terrorism in 1952 still exist: the area is still dominated by the small European minority, several tribes which need more land resent the reservation of the White Highlands for Europeans, traditional African tribal and social structures have lost much of their force, and African political consciousness has grown rapidly. The Mau Mau revolt by the Kikuyu tribe failed militarily, but the Africans learned the value of organization and saw that violence can bring reforms and concessions.

In 1954, Britain introduced the Lyttleton Plan to reform the Kenya constitution. Although this made Kenya a multi-racial state and gave the Africans larger representation in

the government, it pleased no racial group. The local Europeans opposed the Africans' increased influence, while the natives criticized the Europeans' parity with the combined African and Asian communities. The Africans also opposed the "standstill" provisions of the plan permitting no major changes before 1960 without the consent of all races. Moreover, they resented the interpretation of multiracialism as European leadership and only participation by the other races. The local Indian leaders were disappointed with this approach to multi-racialism.



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The African franchise first adopted in 1956 was designed to help "reasonable" Africans by granting extra votes to the educated, older, and wealthy Africans. The Kikuyu tribesmen, who had been the political agitators in Kenya before Mau Mau terrorism and who had been implicated in the Mau Mau, were severely limited in their right to vote.

In legislative elections in September 1956, the Europeans

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chose moderate candidates opposed to the constitution and in March 1957 the Africans repudiated almost all former legislative members who had acquiesced in government policies and voted for nationalists who demanded greater representation for Africans, more education, and extensive land reforms such as opening the White Highlands to African farmers.

Following the elections in 1957 the principal African leader, Tom Mboya, who is also head of the Kenya labor federation, was offered one of the two posts reserved for Africans in the Council of Ministers. However, he refused to accept unless the number of elected African seats in the 60-member legislature were raised from eight to 23. The Africans have been adamant in this demand, although privately they concede they would accept six additional seats. Mboya has appealed to British public opinion, but even the Labor party has given the Africans no real support and party leaders advised Mboya to cooperate in the orderly evolution of Kenya.

The Africans are assured of the backing of the Indians in Kenya [redacted]

They also have the support of a few liberal European officials. However, the European-elected representatives seek to split the African group. They have announced that, if a new constitution assures European racial interests will not be sacrificed, they will agree to perhaps four additional African seats. The Africans view the offer as merely a grandstand play for British public opinion, and Mboya will not agree unless he gets larger legislative membership.

The tone of African political agitation became so extreme in the spring of 1957 that Lon-

don decreed new restrictions. Speeches must be licensed, tape recordings of meetings may be required, outside speakers must obtain prior permission, and fund collecting must receive authorization.

Much of the discontent is in the Luo tribal area near Lake Victoria. Here, the tribesmen have opposed the government's land reform program, have applied passive resistance, and have destroyed machinery on the Europeans' farms. The Luo politicians are among the most extreme, although this region was virtually unaffected by the Mau Mau uprising. The area is furnishing most African leaders--leadership which will probably be challenged when the Kikuyus regain their voting rights. At that time, nationalism in Kenya may be expected to take a more extremist tack as rival leaders compete for influence.

African suspicions have been aroused recently by reports that London might establish a military base in Kenya to service the Arabian peninsula and Indian Ocean areas. If such a base were established--and the decision depends partially on a solution of the Cyprus problem--African nationalists would probably find London less sympathetic to their demands for greater participation in the government. The economic benefits deriving from a base would be unlikely to diminish the Africans' resentment at the prospect of long-term British control.

Uganda

Nationalism has also been growing rapidly in the neighboring British protectorate of Uganda, particularly in the province of Buganda, which contains one quarter of Uganda's area and population. Here, nationalist agitation first became significant after the Buganda ruler was exiled to

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Britain in 1953 for denouncing the agreement governing relations between Britain and his province. The leading nationalist organization, the Uganda National Congress (UNC), agitated for his restoration, and in 1955 he was returned to his throne under constitutional safeguards.

Tribal disunity greatly handicaps nationalism in Uganda. Since 1955, however, the UNC has grown in popular strength--even in areas outside Buganda where it was previously unpopular because of its close association with that province. The party now has about 50,000 dues-paying members.

In February 1957, the UNC leaders, acting through the Buganda legislature, queried London about a timetable for Uganda independence. Britain reaffirmed that it intended to grant independence eventually; however, it stated that there would be no major changes before 1961 as provided in the 1955 agreement restoring the Buganda ruler. The nationalists countered by introducing a motion in the Uganda legislative council demanding self-government--not to include defense and foreign affairs--by 1958 and independence within the Commonwealth by 1961. The motion was defeated. Thereupon, the nationalists demanded immediate independence within the Commonwealth with direct elections in Uganda and an improved position for Africans in the civil service, commerce, and industry.

The government, taking cognizance of the agitation, announced in June that in 1958 there would be direct election of the 18 African representatives in the 60-member legislative council. The UNC's reaction has not been reported, but several smaller parties have criticized the offer because African representation was not increased. They propose a House of Representatives and provision

that the leader of the largest party would become head of the Uganda government under a British governor who would retain control of justice, finance, and foreign affairs.

Uganda nationalist ranks split in July when 46 leaders, the UNC's young intellectuals, defected and formed the United Congress Party. This group will stress early independence based on equal rights for all tribes and regions. The new party may have great appeal for the people outside Buganda, thus adding to the pressure on London to speed the timetable of independence. Britain wants to move slowly because of the effect of Uganda's independence on racially tense Kenya.

Tanganyika

Nationalism is a recent development in Tanganyika; it is led by Julius Nyerere of the Tanganyika African National Union (TANU), which claims 200,000 supporters but probably has only 25,000 dues-paying members.

It has been British policy to develop the trust territory of Tanganyika for the African. The government's program calls for racial parity in the legislature, direct elections in a few selected constituencies, and training for ministerial responsibility. This program is unacceptable to the African nationalists, who demand self-government within 12 years, universal suffrage, direct elections in all constituencies, and parity between Africans and all non-Africans.

The activities of TANU and the sharpness of its attacks on the government have caused so much concern that the government banned several branches of the organization as subversive and for several months prohibited Nyerere from speaking at public meetings. Reportedly, some top officials would like to "break" Nyerere and his group, but they

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fear the effect in the United Nations and among the African population. They believe that TANU would go underground and embark on a campaign of passive resistance with labor union support.

Zanzibar

Political agitation in Zanzibar reflects the hostility between the Arab ruling minority and the African majority. In the July legislative elections, the Arab nationalists, who want rapid self-government, were

decisively defeated by the Africans, who want Britain to remain in Zanzibar for a period of tutelage.

Egyptian radio propaganda in Zanzibar is credited with spurring the recent growth of nationalism among the Arab population. Reportedly, several hundred students were contacted recently by Moslem agents of Cairo and promised free schooling, room and board, and a small allowance if they go to Cairo for their higher education.

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